
TerraPass

Good Retailing

December 4, 2006

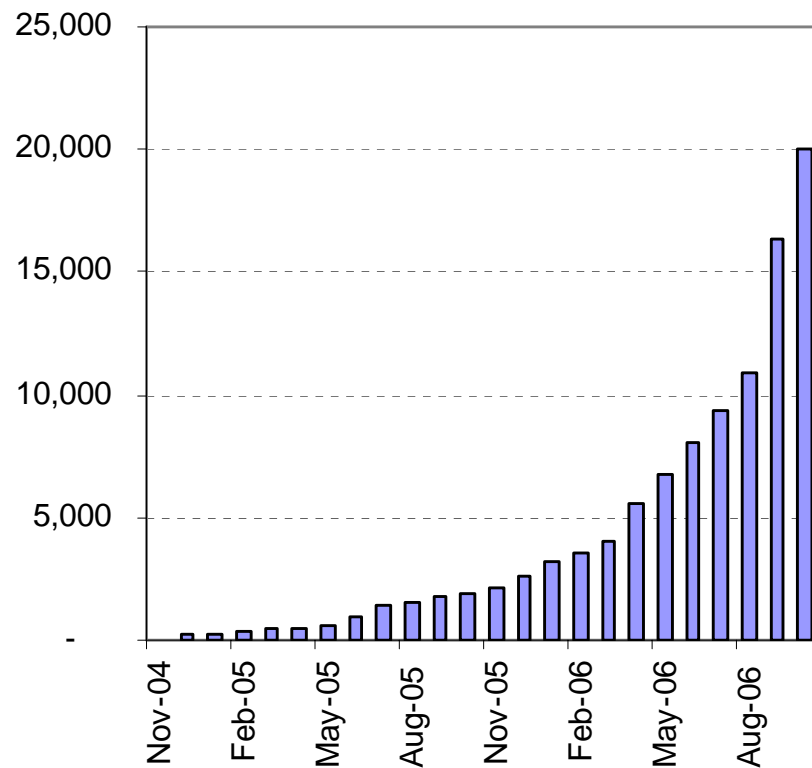
Tom Arnold, Chief Environmental Officer

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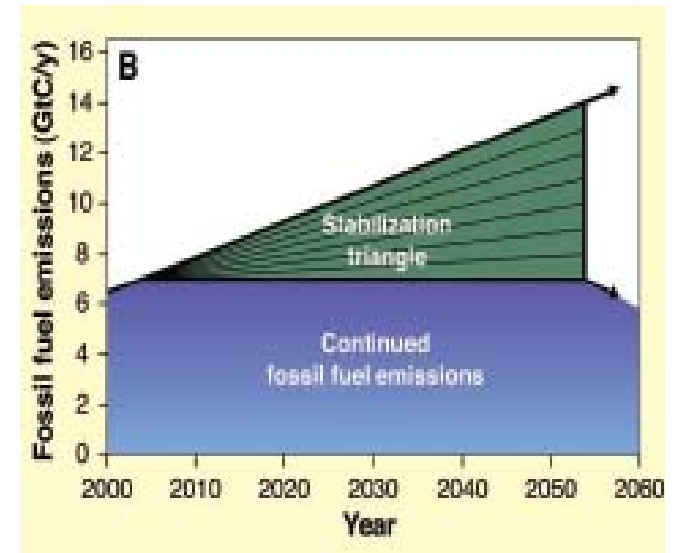


The one wedge pledge

TerraPass Brand Carriers



Stabilization wedges...



**and...first cookie out
of the cookie jar...**



We were wrong. Aim, then test and learn.



TerraPass' offset portfolio is balanced equally across three strategies.

Clean Energy



- **Rationale**: Addition of Renewable Energy reduces need from fossil fuel heavy power plants
- **Mechanism**: Purchase and retirement of Green-e certified Renewable Energy Certificates (RECs). Calculation based on carbon profile of displaced local power pool. Avoidance of RGGI, CCX utility areas.
- **Appeal**: Clean energy supporters

Industrial Efficiency



- **Rationale**: Buying pollution rights reduces pool of available corporate pollution, creating further reductions
- **Mechanism**: Retirement of CFI-XAs on Chicago Climate Exchange from specific, verified projects.
- **Appeal**: Professionals familiar with cap and trade mechanisms

BioGas



- **Rationale**: Directly reducing problem greenhouse gases like methane makes a big impact in global warming.
- **Mechanism**: Anaerobic digesters or caps to avoid methane seepage. Projects must have regulatory surplus.
- **Appeal**: Knowledgeable environmentalists

Vendors can lead, but the industry must develop stakeholder based standards.



Project level

- **Renewables: Green-e certified**
- **Carbon Credits**
 - Offsets
 - Full verification report
 - 3rd party review by CCX offset committee
 - Allowances
 - Only look at tightly bounded projects without double counting issues
 - Full verification report
 - e.g., small landfill gas flaring

Entity level

- **Marketing approach emphasizes transparency**
- **Provisional arrangement with CRS**
 - Sales / supply balance
 - Marketing review
 - Annual verification report published
- **Looking forward to CRS GHG retail standard**
- **The value of open stakeholder processes**

The Product Overview

	For Road	For Flight	For Home
Channel			
Direct to Consumer	